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December 28, 2006

WM. TIMOTHY ALLEN, III

Direct: 318.934.0217

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FEDERAL EXPRESS

Honorable James H. Welsh
Commissioner of Conservation
State of Louisiana
Post Office Box 94275
Baton Rouge, Louisiana 70804-9275

RE: HEARING APPLICATION
Hosston Formation, Reservoir A
Red River-Bull Bayou Field
DeSoto Parish, Louisiana
Our File No. 370306.0103

Dear Sir:

On behalf of PINNACLE OPERATING COMPANY, INC., application is hereby made for a public hearing to receive evidence concerning the issuance of an order pertaining to the following matters relating to the Hosston Formation, Reservoir A, in the Red River - Bull Bayou Field, DeSoto Parish, Louisiana:

1. To create one additional drilling and production unit (to be designated as HOSS RA SUR), as shown on the plat attached hereto, for the exploration for and production of gas and condensate from the Hosston Formation, Reservoir A, in the Red River - Bull Bayou Field, DeSoto Parish, Louisiana;
2. To force pool and integrate all separately owned tracts, mineral leases, and other property interests within the proposed unit, with allocation of production from the unit well to the tracts within the unit to be on the basis of surface acreage;
3. To redefine the Hosston Formation, Reservoir A, in the Red River - Bull Bayou Field, DeSoto Parish, Louisiana, INsofar AND ONLY INsofar as to the proposed HOSS RA SUR is concerned, as that gas and condensate bearing interval between the depths of 6280 feet and 9,315 (electric log measurements) in the J-W Operating Company - B. F. Thigpen No. 1 Well, located in Section 22, Township 12 North, Range 12 West, DeSoto Parish, Louisiana;
4. To consider such other matters as may be appropriate and justified by the evidence presented at the hearing.

The Hosston Formation, Reservoir A, in the Red River - Bull Bayou Field, DeSoto Parish, Louisiana, was previously defined in Office of Conservation Order No. 109-N, effective November 22, 1983, but shall be redefined as set forth above.

Pertinent data concerning the intended application will be made available for inspection at the offices of Blanchard, Walker, O'Quin & Roberts, Bank One Tower, 400 Texas Street, Shreveport, LA 71101. Any person wishing to inspect such data should call Mr. Wm. Timothy Allen III (318) 221-6858 during normal business hours or write Mr. Allen at the above address, in order to arrange a date and time for such inspection. A copy of any such pertinent data can be obtained at the expense of the requesting party.

A list of the names and addresses of all Interested Owners, Represented Parties and Interested Parties (as defined in the Rules of Procedure) is attached hereto, and a copy of this notice, with the annexed plat, is being sent to each of such persons. A reasonable effort has been made to determine that the enclosed list includes all of the persons to whom this notice must be sent under the Rules of Procedure.

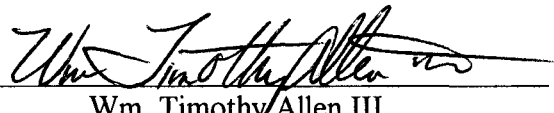
By Pre-Application Notice dated December 12, 2006, applicant advised the Commissioner of Conservation, the District Manager and all Interested Owners, Represented Parties and Interested Parties of applicant's intention to apply for the hearing which is the subject of this application. Applicant received no request for a conference, and accordingly, no conference will be held.

A check in the amount of \$755.00 made payable to the Commissioner of Conservation is enclosed herewith as the statutory fee for holding the requested hearing.

This application is being filed in duplicate, and a copy hereof is being sent to Mr. James C. Broussard, Shreveport District Manager of the Office of Conservation, and to each Interested Owner, Represented Party and Interested Party whose name is shown on the attached list.

Very truly yours,

BLANCHARD, WALKER, O'QUIN & ROBERTS

By: 
Wm. Timothy Allen III
Attorneys for Pinnacle Operating Company, Inc.

WTAIII/kmw
Enclosures

cc: Mr. James C. Broussard, Shreveport
District Manager, Office of Conservation
(w/encl.)
Interested Owners, Represented Parties
and Interested Parties (w/copy of plat only)

